

Message Text

CONFIDENTIAL

PAGE 01 GEORGE 00814 01 OF 02 141933Z

ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10

L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02

OPIC-03 LAB-04 SIL-01 OMB-01 /090 W

-----105961 142104Z /63

R 141800Z MAR 78

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC 6379

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY KINGSTON

AMEMBASSY PARAMARIBO

AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L SECTION 1 OF 2 GEORGETOWN 0814

E.O. 11652: GDS

TAGS: PINT, EFIN, GY

SUBJECT: PM'S SPEECH CAPS BUDGET DEBATE

REF: (A) GEORGETOWN 0743, (B) GEORGETOWN 0335

BEGIN SUMMARY: PRIME MINISTER FORBES BURNHAM'S SPEECH ON THE FIFTH DAY OF PARLIAMENTARY DEBATE ON THE PROPOSED 1978 BUDGET AND FOUR YEAR ECONOMIC RECOVERY PLAN, TOLD GUYANESE THEY WOULD HAVE TO RELY PRIMARILY UPON THEMSELVES IN EXTRICATING GUYANA FROM ITS CURRENT ECONOMIC MISERIES. BURNHAM DECLARED THAT RISING OUTPUT, COUPLED WITH FURTHER CUTS IN IMPORTS, WOULD BE THE ONLY ALTERNATIVE OPEN TO ENSURE A VIABLE GUYANESE ECONOMY IN THE FUTURE. BURNHAM ONCE AGAIN REJECTED THE CALL OF THE PEOPLE'S PROGRESSIVE PARTY (PPP) FOR A NATIONAL FRONT GOVERNMENT BETWEEN ITSELF AND "PROGRESSIVE ELEMENTS" IN THE RULING PEOPLE'S NATIONAL CONGRESS. HE DENIED THAT THE GOG WAS ENSLAVING ITSELF TO "IMPERIALIST" THROUGH ACCEPTANCE OF LOANS AND AID, AND HE FAVORABLY COMPARED GUYANA'S DEBT RATIO TO POLAND'S. THROUGHOUT HIS SPEECH

CONFIDENTIAL

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PAGE 02 GEORGE 00814 01 OF 02 141933Z

BURNHAM USED EXAMPLES AND ANECDOTES TO REFUTE THE PPP POSITION THAT THE GOG IS CAPITULATING TO IMPERIALIST POWERS AND THAT THE PPP IS THE ONLY TRUE SOCIALIST PARTY IN GUYANA. THE SPEECH BALANCED SOCIALIST RHETORIC WITH WARNINGS THAT GUYANA WOULD HAVE TO DEVELOP ALONG ITS OWN PATH. INTERNATIONALLY, BURNHAM REAFFIRMED, THE GOG WOULD ADHERE TO NON-ALIGNMENT. END SUMMARY.

1. BURNHAM'S MARCH 8 SPEECH FOLLOWED STATEMENTS BY FIELDEN SIGN, LEADER OF THE SMALL UNITED FORCE, AND CHEDDI JAGAN, HEAD OF THE MOSCOW ORIENTED PPP AND CONCLUDED THE GENERAL POLITICAL DEBATE ON THE BUDGET. DEBATES CONTINUING THIS WEEK ARE FOCUSING ON SEGMENTS OF THE BUDGET AND THE FOUR YEAR PLAN.

2. BURNHAM STRESSED THAT THE BUDGET'S AUSTERITY PROPOSALS DESIGNED TO FURTHER RESTRICT IMPORTS AND SPUR PRODUCTION WERE NECESSITATED BY THE NATION'S ECONOMIC SITUATION. IN AN OBLIQUE DIG AT CHEDDI JAGAN, THE PM MAINTAINED THAT ONLY A DISHONEST LEADER WOULD TELL THE PEOPLE THAT THEY SHOULD NOT PRODUCE MORE. "YISTORY WILL JUDGE US (BADLY) IF WE SPEND OUR TIME TALKING NONSENSE AND BEING PETTY AT THIS TIME.... THIS IS THE YEAR WE CAN AND MUST ACCELERATE OUR PRODUCTION AND LEAVE THE WORLD A NAME TO BE PROUD OF". GUYANA'S ECONOMIC PROBLEMS STEMMED FROM THE DEPENDENCE ON BAUXITE, SUGAR AND RICE WHICH, IN TURN, DEPENDED ON THE UNPRE- DICTABLE EXTERNAL MARKET. UNDER THESE CIRCUMSTANCES, GUYANA WOULD HAVE TO MARSHAL ITS HUMAN AND MATERIAL RE- SOURCES, SEEK TO OBTAIN WHATEVER OUTSIDE ASSISTANCE IT COULD, REDUCE CONSUMPTION AND MOBILIZE SAVINGS.

3. THE PM FLATLY REJECTED THE PPP'S RENEWED CALL FOR A NATIONAL FRONT GOVERNMENT. REFERRING TO THE PPP'S CRITI- CONFIDENTIAL

CONFIDENTIAL

PAGE 03 GEORGE 00814 01 OF 02 141933Z

CISMS OF THE PNC AS BEING CORRUPT AND INEPT, HE ASKED WHY THE PPP SHOULD BE SO ANXIOUS TO JOIN WITH SUCH A BAD PARTY IN A COALITION. HE NOTED THAT THE PPP'S CALLS FOR NATIONAL UNITY APPEARED IN SPEECHES WHICH WERE HIGHLY ABUSIVE OF THE GOVERNMENT PARTY AND THEREFORE WERE NOT CONVINCING. HE FURTHER ASSERTED THAT NATIONAL UNITY WOULD NOT BE FOSTERED BY INCLUDING TWO LEADERS IN THE EXECUTIVE AND DIVIDING MINISTRIES BETWEEN THEIR SUPPORTERS. SUCH "ERSATZ NATIONAL UNITY" WOULD PERPETUATE TWO PERMANENT GROUPS AND DIVISION WITHIN GUYANESE SOCIETY. REAL NATIONAL UNITY SHOULD BE CREATED ON THE "GRASS-ROOTS LEVEL" WHEN THERE IS AGREEMENT ON OBJECTIVES. ONCE AN AGREEMENT WAS REACHED, THE TWO PARTIES COULD BE MERGED.

4. BURNHAM DEFENDED THE CONTROVERSIAL REDEPLOYMENT OR "PROPER LABOR PLACEMENT PROGRAM" (REF B) AND NOTED THAT, WHILE THE OPPOSITION CHARGED THAT THE PUBLIC SERVICES WERE OVERSTAFFED, THEY COMPLAINED WHEN THE GOG MADE SERIOUS EFFORTS TO SWITCH WORKERS INTO MORE PRODUCTIVE AREAS. IN LIGHT OF GUYANA'S CURRENT ECONOMIC PROBLEMS, REDEPLOYMENT WAS A MUST.

CONFIDENTIAL

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PAGE 01 GEORGE 00814 02 OF 02 142026Z
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C O N F I D E N T I A L SECTION 2 OF 2 GEORGETOWN 0814

5. TURNING TO PPP CHARGES THAT THE GOG WAS COMING UNDER THE SWAY OF FOREIGN, WESTERN "IMPERIALISTS", BURNHAM AVERRED THAT THE GOG REMAINED INDEPENDENT IN ITS DEVELOPMENT PLANS. HE COMPARED GUYANA'S DEBT SERVICE RATIO OF 13 PERCENT WITH POLAND'S ONE OF 25 PERCENT AND MENTIONED THAT THE COUNCIL ON MUTUAL ECONOMIC ASSISTANCE (CEMA) COUNTRIES OWED US\$45 MILLION IN DEBTS TO THE WESTERN COUNTRIES. THE CRUCIAL QUESTIONS IN ASSESSING OFFERS OF FOREIGN ASSISTANCE WERE WHETHER THE BORROWING INHIBITED A COUNTRY'S FREEDOM OF ACTION AND WHETHER IT WAS USED FOR DEVELOPMENT PROJECTS AS OPPOSED TO CONSUMPTION OR CURRENT EXPENDITURES. UNDER THESE CRITERIA GUYANA'S POLICY ON LOANS WAS CORRECT. IN RESPONSE TO A STATEMENT BY JAGAN THAT CUBA HAD BEEN ABLE TO OBTAIN CRUDE OIL FROM THE SOVIET UNION VERY CHEAPLY, BURNHAM ANNOUNCED THAT HE WAS PREPARED TO APPOINT JAGAN AS AMBASSADOR TO MOSCOW IF THE OPPOSITION SPOKESMAN COULD NEGOTIATE SUCH AN AGREEMENT FOR GUYANA.

6. COMMENT: BURNHAM'S PRESENTATION INCLUDED A GOOD DEAL
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PAGE 02 GEORGE 00814 02 OF 02 142026Z

OF REPARTEE WITH MEMBERS OF THE OPPOSITION AND ALTERNATED IN TONE BETWEEN PLEASANTRY AND SARCASM. HIS FIRM REJECTION OF A NATIONAL FRONT GOVERNMENT WAS EXPECTED. HIS SENSITIVITY TO ACCUSATIONS OF SUBJECTING HIMSELF AND HIS GOVERNMENT TO THE "IMPERIALISTS" WAS REFLECTED BY HIS DESCRIPTION OF THE INDEBTEDNESS OF COMMUNIST COUNTRIES TO THE WEST AND REFERENCES TO "FELLOW SOCIALISTS". BUT CONCURRENTLY, HIS EMPHASIS ON THE IMPORTANCE OF GUYANA FINDING ITS OWN SOLUTION TO ITS ECONOMIC CRISIS AND ITS OWN PATH TO DEVELOPMENT MADE CELAR ONCE AGAIN HIS DETERMINATION TO STEER AN INDEPENDENT COURSE IN ACHIEVING "COOPERATIVE SOCIALISM." IMPLICIT IN HIS REMARKS WAS THE RECOGNITION THAT THE ECONOMY HAS DETERIORATED TO THE POINT WHERE FEQ OPTIONS REMAIN OPEN FOR GOG POLICYMAKERS. THE PECULIAR POLITICAL CONFIGURATION OF GUYANESE POLITICS-- WITH ALL SIGNIFICANT ORGANIZED OPPOSITION TO BURNHAM COMING FROM THE LEFT--MEANS THAT HE WILL CONTINUE A SOCIALIST COURSE AND USE THIRD WORLD RHETORIC WHILE TRYING TO MAINTAIN AMICABLE RELATIONS WITH MAJOR WESTERN AID DONORS. BURKE

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